

Introduced by Senator PanFebruary 26, 2015

An act to amend Section 13332.10 of the Government Code, relating to state government.

LEGISLATIVE COUNSEL'S DIGEST

SB 528, as introduced, Pan. State government: leases.

Existing law prohibits the Director of General Services from entering into a building lease if the state's obligation as lessee is for the occupancy of a state agency with a lease period of 5 years or longer and an annual rental in excess of \$10,000 unless, at least 30 days prior to entering into the lease, the director notifies, in writing, the chairperson of the committee in each house of the Legislature that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, as specified.

This bill would extend the maximum lease period to 11 years, and would make legislative findings and declarations related to these provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature hereby finds and declares that
- 2 fixed term leases of ten years or longer are the standard in the
- 3 leasing industry, and that following industry standard lease terms
- 4 will encourage greater competition in the state leasing marketplace,
- 5 which leads to lower long-term costs for lessors, decrease costs to
- 6 the state by allowing the state to amortize its tenant improvements

1 over a longer term, and will result in overall cost savings by the
2 state. Therefore, it is the intent of the Legislature, by amending
3 Section 13332.10 of the Government Code, that the Department
4 of General Services should favor fixed term leases of ten years or
5 longer.

6 SEC. 2. Section 13332.10 of the Government Code is amended
7 to read:

8 13332.10. The Director of General Services may not enter into
9 a lease agreement between the state and another entity, public or
10 private, in which the state is lessee if the agreement is to be for
11 the lease of a building or building space, or both, which will be
12 for the occupancy of any agency or agencies of the state with a
13 firm lease period of ~~five~~ *eleven* years or longer and an annual rental
14 in excess of ten thousand dollars (\$10,000), unless not less than
15 30 days prior to entering into the lease the Director of General
16 Services notifies the chairperson of the committee in each house
17 which considers appropriations and the Chairperson of the Joint
18 Legislative Budget Committee, or his or her designee, in writing
19 of the director's intention to enter into the agreement, or not sooner
20 than such lesser time as the Chairperson of the Joint Legislative
21 Budget Committee, or his or her designee, may in each instance
22 determine. No funds appropriated in any Budget Act may be
23 encumbered or expended for any lease entered into on or after July
24 1, 1979, for office space in the County of Sacramento unless all
25 solicitations for leases for office space in the County of Sacramento
26 under the above-described conditions contain the statement, "The
27 state is anticipating capital construction in the City of Sacramento
28 and intends to eventually reduce the use of space on a leased basis."